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HEALTH QUARTERLY STATEMENT

As of March 31, 2003

of the Condition and Affairs of the

HMO Partners, Inc

NAIC Group Code..... 0876, 0876 (Current Period) (Prior Period) NAIC Company Code..... 95442 Employer's ID Number..... 71-0747497

Organized under the Laws of Arkansas State of Domicile or Port of Entry Arkansas

Country of Domicile US

Licensed as Business Type Life, Accident & Health [ ] Property/Casualty [ ] Hospital, Medical & Dental Service or Indemnity [ ]Dental Service Corporation [ ] Vision Service Corporation [ ] Health Maintenance Organization [X] Other [ ]

Is HMO Federally Qualified? Yes [X] No [ ]

Date Incorporated or Organized..... November 8, 1993 Date Commenced Business..... January 1, 1994

Statutory Home Office	26 Corporate Hill Drive ..... Little Rock ..... AR ..... 72205-4538 *(Street and Number) (City or Town, State and Zip Code)*	
Main Administrative Office	26 Corporate Hill Drive ..... Little Rock ..... AR ..... 72205-4538 *(Street and Number) (City or Town, State and Zip Code)*	501-221-1800 *(Area Code) (Telephone Number)*
Mail Address	26 Corporate Hill Drive ..... Little Rock ..... AR ..... 72205-4538 *(Street and Number or P. O. Box) (City or Town, State and Zip Code)*	
Primary Location of Books and Records	601 S. Gaines ..... Little Rock ..... AR ..... 72201 *(Street and Number) (City or Town, State and Zip Code)*	501-378-2000 *(Area Code) (Telephone Number)*
Internet Website Address	healthadvantage-hmo.com	
Statutory Statement Contact	Gray Donald DIllard *(Name)*	501-399-3953 *(Area Code) (Telephone Number) (Extension)*
	gddillard@arkbluecross.com *(E-Mail Address)*	*501-378-3258* *(Fax Number)*
Policyowner Relations Contact	.... *(Street and Number) (City or Town, State and Zip Code)*	*(Area Code) (Telephone Number) (Extension)*

OFFICERS

President ..... David Frank Bridges Vice President/CFO ..... Steven James Short Secretary ..... Russell Doyne Harrington Jr.

Treasurer.....Robert Lee Shoptaw Assistant Treasurer.....Gray Donald Dillard #

VICE PRESIDENTS

DIRECTORS OR TRUSTEES

James Sterling Adamson Jr. MD	Sharon Kay Allen	Richard Allen Calhoun Jr. MD	David Warren Cobb R.PH.
Richard Loyd Gore DDS	Russell Doyne Harrington Jr.	Randal Freeland Hundley MD	Niki Wilson RN #
William Patton Phillips MD	Robert Lee Shoptaw	Allen Frances Smith	Michael David Voss
Paul Mark White	James Robert Bailey	David Frank Bridges	Michael Wayne Brown
James Bruce Hazlewood MD #	Merlin Moody Hagan	Clement Wade Fox MD	Robert Lee Trammel

State of.....Arkansas
County of....Pulaski

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the *NAIC Annual Statement Instructions* and *Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

(Signature)	(Signature)	(Signature)
David Frank Bridges	Russell Doyne Harrington Jr.	Steven James Short
(Printed Name)	(Printed Name)	(Printed Name)
President	Secretary	Vice President/CFO

Subscribed and sworn to before me this

.....day of ....., 2003

.....

ASSETS

	Current Statement Date 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Prior Year Net Admitted Assets
1. Bonds	25,530,112		25,530,112	29,426,552
2. Stocks:				
2.1 Preferred stocks			0	
2.2 Common stocks	6,046,174		6,046,174	6,374,308
3. Mortgage loans on real estate:				
3.1 First liens			0	
3.2 Other than first liens			0	
4. Real estate:				
4.1 Properties occupied by the company (less $.....0 encumbrances)			0	
4.2 Properties held for the production of income (less $.....0 encumbrances)			0	
4.3 Properties held for sale (less $.....0 encumbrances)			0	
5. Cash ($.....14,743,965) and short-term investments ($.....16,732,481)	31,476,446		31,476,446	21,331,547
6. Contract loans (including $.....0 premium notes)			0	
7. Other invested assets			0	
8. Receivable for securities			0	
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	63,052,732	0	63,052,732	57,132,407
11. Investment income due and accrued	593,849		593,849	558,826
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in course of collection	494,704		494,704	558,378
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)			0	
12.3 Accrued retrospective premiums			0	
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers	1,195,213		1,195,213	1,172,005
13.2 Funds held by or deposited with reinsured companies			0	
13.3 Other amounts receivable under reinsurance contracts			0	
14. Amounts receivable relating to uninsured plans	1,415,630		1,415,630	5,301,827
15.1 Current federal and foreign income tax recoverable and interest thereon	211,054		211,054	994,067
15.2 Net deferred tax asset	869,277	197,323	671,954	538,741
16. Guaranty funds receivable or on deposit			0	
17. Electronic data processing equipment and software			0	
18. Furniture and equipment, including health care delivery assets ($.....0)			0	
19. Net adjustment in assets and liabilities due to foreign exchange rates			0	
20. Receivable from parent, subsidiaries and affiliates	3,622,615		3,622,615	3,696,799
21. Health care ($.....1,208,907) and other amounts receivable	1,208,907	1,208,907	0	242,646
22. Other assets nonadmitted	67,500	67,500	0	
23. Aggregate write-ins for other than invested assets	301,228	0	301,228	450,808
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 through 23)	73,032,709	1,473,730	71,558,979	70,646,504
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
26. TOTALS (Lines 24 and 25)	73,032,709	1,473,730	71,558,979	70,646,504

DETAILS OF WRITE-INS

0901.			0	
0902.			0	
0903.			0	
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0999) (Line 9 above)	0	0	0	0
2301. A/R Other	301,228		301,228	450,808
2302.			0	
2303.			0	
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	301,228	0	301,228	450,808

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less $.....9,218,107 reinsurance ceded)	21,665,912		21,665,912	15,812,024
2. Accrued medical incentive pool and bonus payments	1,385,374		1,385,374	4,809,404
3. Unpaid claims adjustment expenses	702,727		702,727	618,842
4. Aggregate health policy reserves			0	
5. Aggregate life policy reserves			0	
6. Property/casualty unearned premium reserve			0	
7. Aggregate health claim reserves			0	
8. Premiums received in advance	4,594,425		4,594,425	4,852,568
9. General expenses due or accrued			0	
10.1 Current federal and foreign income tax payable and interest thereon (including $.....0 on realized gains (losses))	1,185,064		1,185,064	614,880
10.2 Net deferred tax liability	24,184		24,184	168,135
11. Ceded reinsurance premiums payable	63,232		63,232	
12. Amounts withheld or retained for the account of others	1,914,284		1,914,284	1,780,581
13. Remittances and items not allocated			0	
14. Borrowed money (including $.....0 current) and interest thereon $.....0 (including $.....0 current)			0	
15. Amounts due to parent, subsidiaries and affiliates	3,482,644		3,482,644	6,117,249
16. Payable for securities			0	
17. Funds held under reinsurance treaties with ($.....0 authorized reinsurers and $.....0 unauthorized reinsurers)			0	
18. Reinsurance in unauthorized companies			0	
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	
20. Liability for amounts held under uninsured accident and health plans	7,002,771		7,002,771	6,270,371
21. Aggregate write-ins for other liabilities (including $.....764,245 current)	764,245	0	764,245	453,976
22. Total liabilities (Lines 1 to 21)	42,784,862	0	42,784,862	41,498,030
23. Common capital stock	XXX	XXX	10,000	10,000
24. Preferred capital stock	XXX	XXX		
25. Gross paid in and contributed surplus	XXX	XXX	1,919,153	1,919,153
26. Surplus notes	XXX	XXX	2,000,000	4,000,000
27. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
28. Unassigned funds (surplus)	XXX	XXX	24,844,964	23,219,321
29. Less treasury stock, at cost:				
29.1 .....0.000 shares common (value included in Line 23 $.....0)	XXX	XXX		
29.2 .....0.000 shares preferred (value included in Line 24 $.....0)	XXX	XXX		
30. Total capital and surplus (Lines 23 to 28 minus Line 29)	XXX	XXX	28,774,117	29,148,474
31. Total liabilities, capital and surplus (Lines 22 and 30)	XXX	XXX	71,558,979	70,646,504

DETAILS OF WRITE-INS

2101. Unclaimed property	234,200		234,200	235,017
2102. Miscellaneous payables	283,782		283,782	(25,633)
2103. Claims refunds clearing acct.	246,263		246,263	244,592
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	764,245	0	764,245	453,976
2701.	XXX	XXX		
2702.	XXX	XXX		
2703.	XXX	XXX		
2798. Summary of remaining write-ins for Line 27 from overflow page	XXX	XXX	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year to Date		Prior Year to Date
	1 Uncovered	2 Total	3 Total
1. Member months	XXX	164,207	556,106
2. Net premium income (including $.....0 non-health premium income)	XXX	33,274,806	106,775,393
3. Change in unearned premium reserves and reserve for rate credits	XXX		
4. Fee-for-service (net of $.....0 medical expenses)	XXX		
5. Risk revenue	XXX		
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	33,274,806	106,775,393
Hospital and Medical:			
9. Hospital/medical benefits		38,330,004	123,134,271
10. Other professional services			
11. Outside referrals		2,270,308	10,093,913
12. Emergency room and out-of-area		1,206,237	5,790,481
13. Prescription drugs		4,509,632	15,912,487
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool and withhold adjustments		664,420	4,809,404
16. Subtotal (Lines 9 to 15)	0	46,980,601	159,740,556
Less:			
17. Net reinsurance recoveries		19,167,532	72,303,659
18. Total hospital and medical (Lines 16 minus 17)	0	27,813,069	87,436,897
19. Non-health claims			
20. Claims adjustment expenses		783,991	2,412,041
21. General administrative expenses		1,902,309	7,801,118
22. Increase in reserves for life and accident and health contracts (including $.....0 increase in reserves for life only)			
23. Total underwriting deductions (Lines 18 through 22)	0	30,499,369	97,650,056
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	2,775,437	9,125,337
25. Net investment income earned		382,425	2,003,238
26. Net realized capital gains or (losses)		86,265	272,798
27. Net investment gains or (losses) (Lines 25 plus 26)	0	468,690	2,276,036
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered $.....0) (amount charged off $.....0)]			
29. Aggregate write-ins for other income or expenses	0	43,630	185,408
30. Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	3,287,757	11,586,781
31. Federal and foreign income taxes incurred	XXX	1,186,454	4,111,676
32. Net income (loss) (Lines 30 minus 31)	XXX	2,101,303	7,475,105

DETAILS OF WRITE-INS

0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	0	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	0	0
2901. Licensing fee income		40,000	159,996
2902. Miscellaneous Income		3,630	25,412
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	43,630	185,408

STATEMENT OF REVENUE AND EXPENSES (Continued)

CAPITAL AND SURPLUS ACCOUNT	1 Current Year to Date	2 Prior Year to Date
33. Capital and surplus prior reporting period	29,148,474	27,317,150
GAINS AND LOSSES TO CAPITAL & SURPLUS		
34. Net income or (loss) from Line 32	2,101,303	7,475,105
35. Change in valuation basis of aggregate policy and claim reserves		
36. Net unrealized capital gains and losses	(397,526)	(835,487)
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax	41,612	165,396
39. Change in nonadmitted assets	(119,746)	(1,261,258)
40. Change in unauthorized reinsurance		
41. Change in treasury stock		
42. Change in surplus notes	(2,000,000)	(3,000,000)
43. Cumulative effect of changes in accounting principles		
44. Capital changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		(712,432)
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital and surplus (Lines 34 to 47)	(374,357)	1,831,324
49. Capital and surplus end of reporting period (Line 33 plus 48)	28,774,117	29,148,474

DETAILS OF WRITE-INS

4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	0	0

CASH FLOW

		1 Current Year to Date	2 Prior Year
	CASH FROM OPERATIONS		
1.	Premiums collected net of reinsurance	33,143,569	110,391,756
2.	Net investment income	347,402	2,166,424
3.	Miscellaneous income	353,899	
4.	Total (Lines 1 through 3)	33,844,870	112,558,180
5.	Benefit and loss related payments	26,106,525	100,045,339
6.	Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	1,902,309	3,011,870
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) $.....0 net tax on capital gains (losses)	(166,743)	3,208,648
10.	Total (Lines 5 through 9)	27,842,091	106,265,857
11.	Net cash from operations (Line 4 minus Line 10)	6,002,779	6,292,323
	CASH FROM INVESTMENTS		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	5,662,570	12,550,000
	12.2 Stocks	17,720	372,317
	12.3 Mortgage loans		
	12.4 Real estate		
	12.5 Other invested assets		
	12.6 Net gains or (losses) on cash and short-term investments		
	12.7 Miscellaneous proceeds		
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	5,680,290	12,922,317
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	1,894,965	5,382,038
	13.2 Stocks	117,281	1,732,704
	13.3 Mortgage loans		
	13.4 Real estate		
	13.5 Other invested assets		
	13.6 Miscellaneous applications		
	13.7 Total investments acquired (Lines 13.1 to 13.6)	2,012,246	7,114,742
14.	Net increase (decrease) in policy loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Lines 13.7 and 14)	3,668,044	5,807,575
	CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes	(2,000,000)	(3,000,000)
	16.2 Capital and paid in surplus, less treasury stock		
	16.3 Borrowed funds received		
	16.4 Net deposits on deposit-type contracts and other insurance liabilities		
	16.5 Dividends to stockholders		712,432
	16.6 Other cash provided (applied)	2,474,076	(3,341,140)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	474,076	(7,053,572)
	RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
18.	Net change in cash and short-term investments (Line 11 plus Line 15 plus Line 17)	10,144,899	5,046,326
19.	Cash and short-term investments:		
	19.1 Beginning of year	21,331,547	16,285,221
	19.2 End of period (Line 18 plus Line 19.1)	31,476,446	21,331,547

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
	Total	2 Individual	3 Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at End of:													
1. Prior Year	96,558		96,558										
2. First Quarter	103,320		103,320										
3. Second Quarter	0												
4. Third Quarter	0												
5. Current Year	0												
6. Current Year Member Months	307,743		307,743										
Total Member Ambulatory Encounters for Period:													
7. Physician	19,257		19,257										
8. Non-Physician	25,331		25,331										
9. Total	44,588	0	44,588	0	0	0	0	0	0	0	0	0	0
10. Hospital Patient Days Incurred	6,471		6,471										
11. Number of Inpatient Admissions	1,895		1,895										
12. Health Premiums Collected	56,819,641		56,819,641										
13. Life Premiums Direct	0												
14. Property/Casualty Premiums Written	0												
15. Health Premiums Earned	58,005,854		58,005,854										
16. Property/Casualty Premiums Earned	0												
17. Amount Paid for Provision of Health Care Services	40,181,646		40,181,646										
18. Amount Incurred for Provision of Health Care Services	46,980,601		46,980,601										

CLAIMS PAYABLE (Reported and Unreported)

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Claims Payable (Reported)						
0399999. Aggregate Accounts Not Individually Listed-Covered	2,216,889	22,725	6,456	32,924		2,278,994
0499999. Subtotals	2,216,889	22,725	6,456	32,924	0	2,278,994
0599999. Unreported Claims and Other Claim Reserves						17,158,775
0699999. Total Amounts Withheld						11,446,250
0799999. Total Claims Payable						30,884,019
0899999. Accrued Medical Incentive Pool						1,385,374

UNDERWRITING AND INVESTMENT EXHIBIT

Analysis of Claims Unpaid - Prior Year - Net of Reinsurance

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)	4,902,891	16,415,078	8,824,301	12,841,612	13,727,192	15,812,024
2. Medicare Supplement					0	
3. Dental only					0	
4. Vision only					0	
5. Federal Employees Health Benefits Plan Premiums					0	
6. Title XVIII - Medicare					0	
7. Title XIX - Medicaid					0	
8. Other health					0	
9. Health subtotal (Lines 1 to 8)	4,902,891	16,415,078	8,824,301	12,841,612	13,727,192	15,812,024
10. Other non-health					0	
11. Medical incentive pools, accruals and disbursements					0	
12. Totals	4,902,891	16,415,078	8,824,301	12,841,612	13,727,192	15,812,024

NOTES TO FINANCIAL STATEMENTS

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1 Did the reporting entity implement any significant accounting policy changes which would require disclosure in the Notes to the Financial Statements? Yes [ ] No [X]

1.2 If yes, explain:...

2.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [ ] No [X]

2.2 If yes, has the report been filed with the domiciliary state? Yes [ ] No [ ]

3.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]

3.2 If yes, date of change: .....
If not previously filed, furnish herewith a certified copy of the instrument as amended.

4. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [ ] No [X]
If yes, attach an organizational chart.

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

5.2 If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

6. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [ ] No [X] N/A [ ]
If yes, attach an explanation.

7.1 State as of what date the latest financial examination of the reporting entity was made or is being made. .....12/31/1999.....

7.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. .....12/31/1999.....

7.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). .....08/30/2001.....

7.4 By what department or departments?..... Arkansas Insurance Dept

8.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes [ ] No [X]

8.2 If yes, give full information:

9.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [X]

9.2 If response to 9.1 is yes, please identify the name of the bank holding company.

9.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No [X]

9.4 If the response to 9.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator].

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
.....	.....	.....	.....	.....	.....	.....

GENERAL INTERROGATORIES (continued)

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

INVESTMENT

10.1 Has there been any change in the reporting entity's own preferred or common stock? Yes [ ] No [X]

10.2 If yes, explain:...

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [ ] No [X]

11.2 If yes, give full and complete information relating thereto:

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: .....

13. Amount of real estate and mortgages held in short-term investments: .....

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [ ] No [X]

14.2 If yes, please complete the following:

	1 Prior Year-End Statement Value	2 Current Quarter Statement Value
14.21 Bonds		
14.22 Preferred Stock		
14.23 Common Stock		
14.24 Short-Term Investments		
14.25 Mortgages, Loans or Real Estate		
14.26 All Other		
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	$.....0	$.....0
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above		
14.29 Receivable from Parent not included in Lines 14.21 to 14.26 above		

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [ ] No [X]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ]
If no, attach a description with this statement.

16. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV. H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Regions Bank	Trust Dept, Little Rock, AR

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation.

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes [ ] No [X]

16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
116359	Foundation Resource Management, Inc.	Little Rock, AR

SCHEDULE A - VERIFICATION

NONE

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	
2. Increase (decrease) by adjustment		
3. Cost of acquired		
4. Cost of additions to and permanent improvements		
5. Total profit (loss) on sales		
6. Increase (decrease) by foreign exchange adjustment		
7. Amount received on sales		
8. Book/adjusted carrying value at end of current period	0	0
9. Total valuation allowance		
10. Subtotal (Lines 8 plus 9)	0	0
11. Total nonadmitted amounts		
12. Statement value, current period (Page 2, real estate lines, current period)	0	0

SCHEDULE B - VERIFICATION

NONE

	1 Year to Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year	0	
2. Amount loaned during period:		
2.1 Actual cost at time of acquisitions		
2.2 Additional investment made after acquisitions		
3. Accrual of discount and mortgage interest points and commitment fees		
4. Increase (decrease) by adjustment		
5. Total profit (loss) on sale		
6. Amounts paid on account or in full during the period		
7. Amortization of premium		
8. Increase (decrease) by foreign exchange adjustment		
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period	0	0
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)	0	0
12. Total nonadmitted amounts		
13. Statement value of mortgages owned at end of current period	0	0

SCHEDULE BA - VERIFICATION

Other Invested Assets Included in Schedule BA

NONE

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year	0	
2. Cost of acquisitions during period:		
2.1 Actual cost at time of acquisitions		
2.2 Additional investment made after acquisitions		
3. Accrual of discount		
4. Increase (decrease) by adjustment		
5. Total profit (loss) on sale		
6. Amounts paid on account or in full during the period		
7. Amortization of premium		
8. Increase (decrease) by foreign exchange adjustment		
9. Book/adjusted carrying value of long-term invested assets at end of current period	0	0
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)	0	0
12. Total nonadmitted amounts		
13. Statement value of long-term invested assets at end of current period	0	0

SCHEDULE D - VERIFICATION

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	35,800,860	42,643,140
2. Cost of bonds and stocks acquired	2,012,246	7,114,742
3. Accrual of discount	14,312	
4. Increase (decrease) by adjustment	(611,580)	(1,305,502)
5. Increase (decrease) by foreign exchange adjustment		
6. Total profit (loss) on disposal	86,265	270,798
7. Consideration for bonds and stocks disposed of	5,680,290	12,922,318
8. Amortization of premium	45,528	
9. Book/adjusted carrying value, current period	31,576,284	35,800,860
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)	31,576,284	35,800,860
12. Total nonadmitted amounts		
13. Statement value (Lines 11 minus 12)	31,576,284	35,800,860

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity

During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1	34,834,771	23,632,745	20,687,756	(9,209)	37,770,552			34,834,771
2. Class 2	5,998,620		2,480,283	(8,765)	3,509,572			5,998,620
3. Class 3	532,912			(182,908)	350,004			532,912
4. Class 4	628,875			3,590	632,465			628,875
5. Class 5								
6. Class 6								
7. Total Bonds	41,995,178	23,632,745	23,168,039	(197,292)	42,262,593	0	0	41,995,178
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	41,995,178	23,632,745	23,168,039	(197,292)	42,262,593	0	0	41,995,178

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Amount of Interest Received Current Quarter	5 Paid for Accrued Interest
8099999. Totals	16,732,481	XXX	16,723,819	22,620	

SCHEDULE DA - PART 2 - Verification

Short-Term Investments Owned

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	12,568,626	12,203,636
2. Cost of short-term investments acquired	21,737,781	35,983,427
3. Increase (decrease) by adjustment	17,809	23,199
4. Increase (decrease) by foreign exchange adjustment		
5. Total profit (loss) on disposal of short-term investments		
6. Consideration received on disposal of short-term investments	17,591,735	35,641,636
7. Book/adjusted carrying value, current period	16,732,481	12,568,626
8. Total valuation allowance		
9. Subtotal (Lines 7 plus 8)	16,732,481	12,568,626
10. Total nonadmitted amounts		
11. Statement value (Lines 9 minus 10)	16,732,481	12,568,626
12. Income collected during period	40,429	214,422
13. Income earned during period	48,389	200,181

Sch. DB-Part F-Section 1
NONE

Sch. DB-Part F-Section 2
NONE

Sch. S
NONE

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

		1	2	Direct Business Only Year-to-Date					
				3	4	5	6	7	8
	State, Etc.	Guaranty Fund (Yes or No)	Is Insurer Licensed? (Yes or No)	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums and Deposit-Type Contract Funds	Property/Casualty Premiums
1.	Alabama AL	NO	NO						
2.	Alaska AK	NO	NO						
3.	Arizona AZ	NO	NO						
4.	Arkansas AR	NO	YES	58,005,854					
5.	California CA	NO	NO						
6.	Colorado CO	NO	NO						
7.	Connecticut CT	NO	NO						
8.	Delaware DE	NO	NO						
9.	District of Columbia DC	NO	NO						
10.	Florida FL	NO	NO						
11.	Georgia GA	NO	NO						
12.	Hawaii HI	NO	NO						
13.	Idaho ID	NO	NO						
14.	Illinois IL	NO	NO						
15.	Indiana IN	NO	NO						
16.	Iowa IA	NO	NO						
17.	Kansas KS	NO	NO						
18.	Kentucky KY	NO	NO						
19.	Louisiana LA	NO	NO						
20.	Maine ME	NO	NO						
21.	Maryland MD	NO	NO						
22.	Massachusetts MA	NO	NO						
23.	Michigan MI	NO	NO						
24.	Minnesota MN	NO	NO						
25.	Mississippi MS	NO	NO						
26.	Missouri MO	NO	NO						
27.	Montana MT	NO	NO						
28.	Nebraska NE	NO	NO						
29.	Nevada NV	NO	NO						
30.	New Hampshire NH	NO	NO						
31.	New Jersey NJ	NO	NO						
32.	New Mexico NM	NO	NO						
33.	New York NY	NO	NO						
34.	North Carolina NC	NO	NO						
35.	North Dakota ND	NO	NO						
36.	Ohio OH	NO	NO						
37.	Oklahoma OK	NO	NO						
38.	Oregon OR	NO	NO						
39.	Pennsylvania PA	NO	NO						
40.	Rhode Island RI	NO	NO						
41.	South Carolina SC	NO	NO						
42.	South Dakota SD	NO	NO						
43.	Tennessee TN	NO	NO						
44.	Texas TX	NO	NO						
45.	Utah UT	NO	NO						
46.	Vermont VT	NO	NO						
47.	Virginia VA	NO	NO						
48.	Washington WA	NO	NO						
49.	West Virginia WV	NO	NO						
50.	Wisconsin WI	NO	NO						
51.	Wyoming WY	NO	NO						
52.	American Samoa AS	NO	NO						
53.	Guam GU	NO	NO						
54.	Puerto Rico PR	NO	NO						
55.	U.S. Virgin Islands VI	NO	NO						
56.	Canada CN	NO	NO						
57.	Aggregate Other alien OT	XXX	XXX	0	0	0	0	0	0
58.	Total (Direct Business)	XXX	(a) 1	58,005,854	0	0	0	0	0

DETAILS OF WRITE-INS

5701.							
5702.							
5703.							
5798.	Summary of remaining write-ins for line 57 from overflow page	0	0	0	0	0	0
5799.	Total (Lines 5701 thru 5703 plus 5798) (Line 57 above)	0	0	0	0	0	0

(a) Insert the number of yes responses except for Canada and Other Alien.

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 – ORGANIZATIONAL CHART

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	RESPONSE
1. Will the SVO Compliance Certification be filed with this statement?	YES

EXPLANATION:

BAR CODE:

Overflow Page
NONE

Sch. A-Part 2
NONE

Sch. A-Part 3
NONE

Sch. B-Part 1
NONE

Sch. B-Part 2
NONE

Sch. BA-Part 1
NONE

Sch. BA-Part 2
NONE

SCHEDULE D - PART 3

Show all Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1 CUSIP Identification	2 Description	3 Date Acquired	4 Name of Vendor	5 Number of Shares of Stock	6 Actual Cost	7 Par Value	8 Paid for Accrued Interest and Dividends	9 NAIC Designation (a)
Bonds - Special Revenue and Special Assessment								
United States								
31331Q PG 6	Federal Farm Credit Bank	01/08/2003	Crews & Associates		1,001,880	1,000,000	1,000	1
	U.S.				1,001,880	1,000,000	1,000	XXX
	United States				1,001,880	1,000,000	1,000	XXX
3199999.	Total - Bonds - Special Revenue & Special Assessments				1,001,880	1,000,000	1,000	XXX
Bonds - Industrial and Miscellaneous								
United States								
751277 AM 6	Ralston Purina Deb. (now Nestle)	01/29/2003	Crews & Associates		893,085	680,000	18,870	1PE
	United States				893,085	680,000	18,870	XXX
4599999.	Total - Bonds - Industrial & Miscellaneous				893,085	680,000	18,870	XXX
6099997.	Total - Bonds - Part 3				1,894,965	1,680,000	19,870	XXX
6099999.	Total - Bonds				1,894,965	1,680,000	19,870	XXX
Common Stocks - Industrial and Miscellaneous								
United States								
20825C 10 4	Conoco Phillips	01/14/2003	Salomon Smith Barney	2,100.000	99,561			L
	United States				99,561	XXX	0	XXX
Canada								
345425 10 2	Fording Canadian Coal	03/10/2003	Reorganization	2,124.000	17,720			L
	Canada				17,720	XXX	0	XXX
6899999.	Total - Common Stocks - Industrial & Miscellaneous				117,281	XXX	0	XXX
7099997.	Total - Common Stocks - Part 3				117,281	XXX	0	XXX
7099999.	Total - Common Stocks				117,281	XXX	0	XXX
7199999.	Total - Preferred and Common Stocks				117,281	XXX	0	XXX
7299999.	Total - Bonds, Preferred and Common Stocks				2,012,246	XXX	19,870	XXX

(a) For all common stock bearing the NAIC designation "U" provide: the number of such issues: 0.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1 CUSIP Identification	2 Description	3 Disposal Date	4 Name of Purchaser	5 Number of Shares of Stock	6 Consideration	7 Par Value	8 Actual Cost	9 Book/Adjusted Carrying Value At Disposal Date	10 Increase (Decrease) by Adjustment	11 Increase (Decrease) by Foreign Exchange Adjustment	12 Foreign Exchange Gain (Loss) on Disposal	13 Realized Gain (Loss) on Disposal	14 Total Gain (Loss) on Disposal	15 Interest on Bonds Received During Year	16 Dividends on Stocks Received During Year	17 NAIC Designation (a)
Bonds - Industrial and Miscellaneous																
United States																
001957 BE 8	A T & T Corporate Notes	01/29/2003	Morgan Stanley		1,049,420	1,000,000	936,460	980,283	(7,424)			69,137	69,137	23,125		2
083750 11 7	H. J. Heinz Euronotes	02/03/2003	MATURITY		500,000	500,000	508,505	500,000	(515)				0	28,750		1
260540 AH 2	Dow Capital Gtd. Notes	01/15/2003	MATURITY		500,000	500,000	496,045	500,000	67				0	17,813		1PE
26353L HL 8	DuPont MTN's	03/06/2003	MATURITY		500,000	500,000	486,440	500,000	849				0	15,000		1PE
370424 GR 8	GMAC Notes	01/02/2003	MATURITY		1,000,000	1,000,000	1,089,130	1,000,000					0	42,500		2W
459745 EV 3	International Lease Finance Notes	02/19/2003	Salomon Smith Barney		518,150	500,000	502,025	501,022	(91)			17,128	17,128	14,450		1
532457 AJ 7	Eli Lilly Notes	03/17/2003	MATURITY		545,000	545,000	534,901	545,000	730				0	17,031		1PE
885571 AA 7	Alltel Corp. Notes	03/03/2003	MATURITY		550,000	550,000	552,493	550,000	(1,276)				0	19,594		1PE
962166 AP 9	Weyerhaeuser Notes	02/03/2003	MATURITY		500,000	500,000	517,165	500,000	(622)				0	22,625		2W
	United States				5,662,570	5,595,000	5,623,164	5,576,305	(8,282)	0	0	86,265	86,265	200,888	0	XXX
4599999.	Total - Bonds - Industrial & Miscellaneous				5,662,570	5,595,000	5,623,164	5,576,305	(8,282)	0	0	86,265	86,265	200,888	0	XXX
6099997.	Total - Bonds - Part 4				5,662,570	5,595,000	5,623,164	5,576,305	(8,282)	0	0	86,265	86,265	200,888	0	XXX
6099999.	Total - Bonds				5,662,570	5,595,000	5,623,164	5,576,305	(8,282)	0	0	86,265	86,265	200,888	0	XXX
Common Stocks - Industrial and Miscellaneous																
Canada																
345426 10 0	Fording Inc.	03/10/2003	Reorganization	2,124.000	17,720		17,720	17,720	(26,799)				0			L
	Canada				17,720	XXX	17,720	17,720	(26,799)	0	0	0	0	0	0	XXX
6899999.	Total - Common Stocks - Industrial & Miscellaneous				17,720	XXX	17,720	17,720	(26,799)	0	0	0	0	0	0	XXX
7099997.	Total - Common Stocks - Part 4				17,720	XXX	17,720	17,720	(26,799)	0	0	0	0	0	0	XXX
7099999.	Total - Common Stocks				17,720	XXX	17,720	17,720	(26,799)	0	0	0	0	0	0	XXX
7199999.	Total - Preferred and Common Stocks				17,720	XXX	17,720	17,720	(26,799)	0	0	0	0	0	0	XXX
7299999.	Total - Bonds, Preferred and Common Stocks				5,680,290	XXX	5,640,884	5,594,025	(35,081)	0	0	86,265	86,265	200,888	0	XXX

(a) For all common stock bearing the NAIC designation "U" provide: the number of such issues: 0.

Sch. DB-Part A-Section 1
NONE

Sch. DB-Part B-Section 1
NONE

Sch. DB-Part C-Section 1
NONE

Sch. DB-Part D-Section 1
NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1	2	3	4	Book Balance at End of Each Month During Current Quarter			8
				5	6	7	
Depository	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	First Month	Second Month	Third Month	*
Open Depositories							
Bank of America	0.780	25,036		11,152,904	8,906,418	14,743,965	XXX
0199999. Total Open Depositories	XXX	25,036	0	11,152,904	8,906,418	14,743,965	XXX
0399999. Total Cash on Deposit	XXX	25,036	0	11,152,904	8,906,418	14,743,965	XXX
0599999. Total Cash	XXX	25,036	0	11,152,904	8,906,418	14,743,965	XXX